



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF STRUTHERS
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Client:	
Statement of Net Position – Cash Basis – For the Year Ended December 31, 2023	5
Statement of Activities – Cash Basis – For the Year Ended December 31, 2023.....	6
Statement of Assets and Fund Cash Balances – Cash Basis – Governmental Funds For the Year Ended December 31, 2023	8
Statement of Cash Receipts, Cash Disbursements and Changes In Fund Cash Balances – Cash Basis – Governmental Funds – For the Year Ended December 31, 2023.....	9
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – General Fund – For the Year Ended December 31, 2023	10
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – Street Construction, Maintenance and Repair Fund – For the Year Ended December 31, 2023	11
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – Court Special Projects Fund – For the Year Ended December 31, 2023	12
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – Coronavirus Local Fiscal Recovery Fund – For the Year Ended December 31, 2023	13
Statement of Net Position – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2023	14
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2023.....	15
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds – For the Year Ended December 31, 2023	16
Statement of Cash Additions, Cash Deductions and Changes in Net Cash Position – Cash Basis – Fiduciary Funds – For the Year Ended December 31, 2023.....	17
Notes to the Basic Financial Statements – For the Year Ended December 31, 2023.....	19
Statement of Net Position – Cash Basis – For the Year Ended December 31, 2022	55
Statement of Activities – Cash Basis – For the Year Ended December 31, 2022.....	56
Statement of Assets and Fund Cash Balances – Cash Basis – Governmental Funds For the Year Ended December 31, 2022	58

**CITY OF STRUTHERS
MAHONING COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Cash Receipts, Cash Disbursements and Changes In Fund Cash Balances – Cash Basis – Governmental Funds – For the Year Ended December 31, 2022.....	59
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – General Fund – For the Year Ended December 31, 2022	60
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) – Coronavirus Local Fiscal Recovery Fund – For the Year Ended December 31, 2022	61
Statement of Net Position – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2022	62
Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Position – Cash Basis – Proprietary Funds – For the Year Ended December 31, 2022	63
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds – For the Year Ended December 31, 2022	64
Statement of Cash Additions, Cash Deductions and Changes in Net Cash Position – Cash Basis – Fiduciary Funds – For the Year Ended December 31, 2022.....	65
Notes to the Basic Financial Statements – For the Year Ended December 31, 2022.....	67
Schedule of Expenditures of Federal Awards	99
Notes to the Schedule of Expenditures of Federal Awards.....	100
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	101
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	103
Schedule of Findings.....	107
Prepared by Client:	
Schedule of Prior Audit Findings.....	113
Corrective Action Plan.....	115



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

City of Struthers
Mahoning County
6 Elm Street
Struthers, Ohio 44471

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Struthers, Mahoning County, Ohio (the City), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023 and 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General, Street Construction, Maintenance and Repair, Court Special Projects and Coronavirus Local Fiscal Recover funds for the year then ended December 31, 2023 and the General and Coronavirus Local Fiscal Recovery funds for the year then ended December 31, 2022 in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

Also, as discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

For the year ended December 31, 2023, the Schedule of Expenditures of Federal Awards (the schedule) as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2025

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CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,175,650	\$ 1,276,637	\$ 3,452,287
Total assets	<u>\$ 2,175,650</u>	<u>\$ 1,276,637</u>	<u>\$ 3,452,287</u>
Net cash position:			
Restricted for:			
General government operations	\$ 553,855	\$ -	\$ 553,855
Security of persons and property programs	26,437	-	26,437
Transportation projects	581,556	-	581,556
Public health services	21,068	-	21,068
Community environment projects	13,511	-	13,511
Revolving loan program	111,177	-	111,177
Debt service	157,109	297,067	454,176
Unclaimed monies	15,270	-	15,270
Unrestricted	<u>695,667</u>	<u>979,570</u>	<u>1,675,237</u>
Total net cash position	<u>\$ 2,175,650</u>	<u>\$ 1,276,637</u>	<u>\$ 3,452,287</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 2,380,325	\$ 325,093	\$ 8,935	\$ -
Security of persons and property	2,755,142	260,898	-	-
Transportation	1,078,257	-	693,196	-
Public health services	-	-	3,750	-
Leisure time activities	86,083	23,503	-	-
Community environment	5,632	-	8,344	-
Capital outlay	2,182,876	-	-	90,000
Principal retirement	270,452	-	-	-
Interest and fiscal charges	49,007	-	-	-
Total governmental activities	<u>8,807,774</u>	<u>609,494</u>	<u>714,225</u>	<u>90,000</u>
Business-type activities:				
Sewage disposal	3,035,386	2,643,939	-	475,000
Sewage disposal sinking	322,384	221,958	-	151,506
Storm water	308,285	267,984	-	-
Total business-type activities	<u>3,666,055</u>	<u>3,133,881</u>	<u>-</u>	<u>626,506</u>
Totals	<u>\$ 12,473,829</u>	<u>\$ 3,743,375</u>	<u>\$ 714,225</u>	<u>\$ 716,506</u>

General cash receipts:

Property and other local taxes for:

General purposes

Transportation improvements

Police disability and pensions

Fire disability and pensions

Debt service

Grants and entitlements not restricted to specific programs

Loan proceeds

Investment receipts

Miscellaneous

Total general cash receipts

Change in net cash position

Net cash position at beginning of year

Net cash position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Cash Position**

Governmental Activities	Business-type Activities	Total
\$ (2,046,297)	\$ -	\$ (2,046,297)
(2,494,244)	- (2,494,244)	
(385,061)	- (385,061)	
3,750	- 3,750	
(62,580)	- (62,580)	
2,712	- 2,712	
(2,092,876)	- (2,092,876)	
(270,452)	- (270,452)	
(49,007)	- (49,007)	
<u>(7,394,055)</u>	<u>-</u>	<u>(7,394,055)</u>
- 83,553	83,553	83,553
- 51,080	51,080	51,080
<u>- (40,301)</u>	<u>(40,301)</u>	<u>(40,301)</u>
- 94,332	94,332	94,332
<u>(7,394,055)</u>	<u>94,332</u>	<u>(7,299,723)</u>
4,436,528	- 4,436,528	
289,120	- 289,120	
28,892	- 28,892	
28,892	- 28,892	
214,479	- 214,479	
296,493	- 296,493	
175,516	- 175,516	
298	1,006 1,304	
<u>320,829</u>	<u>-</u>	<u>320,829</u>
<u>5,791,047</u>	<u>1,006</u>	<u>5,792,053</u>
(1,603,008)	95,338	(1,507,670)
<u>3,778,658</u>	<u>1,181,299</u>	<u>4,959,957</u>
<u>\$ 2,175,650</u>	<u>\$ 1,276,637</u>	<u>\$ 3,452,287</u>

CITY OF STRUTHERS, OHIO

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Street Construction, Maintenance and Repair	Court Special Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 669,787	\$ 256,914	\$ 287,085	\$ 961,864	\$ 2,175,650
Total assets	<u>\$ 669,787</u>	<u>\$ 256,914</u>	<u>\$ 287,085</u>	<u>\$ 961,864</u>	<u>\$ 2,175,650</u>
Fund cash balances:					
Nonspendable:					
Unclaimed monies	\$ 15,270	\$ -	\$ -	\$ -	\$ 15,270
Restricted:					
General government operations	- -	- -	287,085	266,770	553,855
Security of persons and property programs	- -	- -	- -	26,437	26,437
Transportation projects	- -	256,914	- -	324,642	581,556
Public health services	- -	- -	- -	21,068	21,068
Community environment projects	- -	- -	- -	13,511	13,511
Revolving loan program	- -	- -	- -	111,177	111,177
Debt service	- -	- -	- -	157,109	157,109
Committed:					
Transportation projects	- -	- -	- -	1,005	1,005
Leisure time activities	- -	- -	- -	40,145	40,145
Underground storage tanks	11,000	- -	- -	- -	11,000
Assigned:					
Medical transport services	49,140	- -	- -	- -	49,140
Subsequent year appropriations	<u>594,377</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>594,377</u>
Total fund cash balances	<u>\$ 669,787</u>	<u>\$ 256,914</u>	<u>\$ 287,085</u>	<u>\$ 961,864</u>	<u>\$ 2,175,650</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Street	Construction, Maintenance and Repair	Court Special Projects	Coronavirus Local Fiscal Recovery	Nonmajor Governmenta Funds	Total Governmenta Funds
	General	General	General	General	General	General
Cash receipts:						
Taxes	\$ 4,436,528	\$ -	\$ -	\$ -	\$ 561,383	\$ 4,997,911
Intergovernmental	254,914	562,461	-	-	261,754	1,079,129
Special assessments	2,935	13,311	-	-	-	16,246
Charges for services	49,549	-	-	-	43,743	93,292
License, permits and fees	341,309	-	76,585	-	89,663	507,557
Fines, forfeitures and settlements	-	-	-	-	5,710	5,710
Investment receipts	298	-	-	-	3,383	3,681
Miscellaneous	320,829	243	-	-	4,652	325,724
Total cash receipts	5,406,362	576,015	76,585	-	970,288	7,029,250
Cash disbursements:						
Current:						
General government	2,229,939	-	21,840	-	128,546	2,380,325
Security of persons and property	2,432,666	-	-	-	322,476	2,755,142
Transportation	-	538,912	-	-	539,345	1,078,257
Leisure time activities	82,367	-	-	-	3,716	86,083
Community environment	-	-	-	-	5,632	5,632
Capital outlay	234,344	175,516	-	1,008,721	764,295	2,182,876
Debt service:						
Principal retirement	51,972	72,064	-	-	146,416	270,452
Interest and fiscal charges	5,083	629	-	-	43,295	49,007
Total cash disbursements	5,036,371	787,121	21,840	1,008,721	1,953,721	8,807,774
Excess (deficiency) of cash receipts over (under) cash disbursements	369,991	(211,106)	54,745	(1,008,721)	(983,433)	(1,778,524)
Other financing sources (uses):						
Loan proceeds	-	175,516	-	-	-	175,516
Transfers in	-	-	-	-	242,000	242,000
Transfers (out)	(242,000)	-	-	-	-	(242,000)
Total other financing sources (uses)	(242,000)	175,516	-	-	242,000	175,516
Net change in fund cash balances	127,991	(35,590)	54,745	(1,008,721)	(741,433)	(1,603,008)
Fund cash balances						
at beginning of year	541,796	292,504	232,340	1,008,721	1,703,297	3,778,658
Fund cash balances at end of year	\$ 669,787	\$ 256,914	\$ 287,085	\$ -	\$ 961,864	\$ 2,175,650

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary basis receipts:				
Taxes	\$ 3,887,889	\$ 4,455,683	\$ 4,436,528	\$ (19,155)
Intergovernmental	223,390	256,015	254,914	(1,101)
Special assessments	2,572	2,948	2,935	(13)
Charges for services	350	401	399	(2)
License, permits and fees	299,101	342,783	341,309	(1,474)
Investment receipts	261	299	298	(1)
Miscellaneous	281,154	322,214	320,829	(1,385)
Total budgetary basis receipts	<u>4,694,717</u>	<u>5,380,343</u>	<u>5,357,212</u>	<u>(23,131)</u>
Budgetary basis disbursements:				
Current:				
General government	2,062,956	2,236,064	2,229,939	6,125
Security of persons and property	2,389,862	2,436,265	2,432,656	3,609
Leisure time activities	84,006	82,657	82,367	290
Capital outlay	200,445	234,345	234,344	1
Debt service:				
Principal retirement	51,972	51,972	51,972	-
Interest and fiscal charges	5,083	5,083	5,083	-
Total budgetary basis disbursements	<u>4,794,324</u>	<u>5,046,386</u>	<u>5,036,361</u>	<u>10,025</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(99,607)</u>	<u>333,957</u>	<u>320,851</u>	<u>(13,106)</u>
Other financing (uses):				
Transfers (out)	(241,000)	(242,000)	(242,000)	-
Total other financing (uses)	<u>(241,000)</u>	<u>(242,000)</u>	<u>(242,000)</u>	<u>-</u>
Net change in fund cash balance	(340,607)	91,957	78,851	(13,106)
Fund cash balance at beginning of year	513,426	513,426	513,426	-
Prior year encumbrances appropriated	2,100	2,100	2,100	-
Fund cash balance at end of year	<u>\$ 174,919</u>	<u>\$ 607,483</u>	<u>\$ 594,377</u>	<u>\$ (13,106)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary basis receipts:				
Intergovernmental	\$ 487,258	\$ 562,461	\$ 562,461	\$ -
Special assessments	11,531	13,311	13,311	-
Miscellaneous	211	243	243	-
Total budgetary basis receipts	<u>499,000</u>	<u>576,015</u>	<u>576,015</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
Transportation	621,132	538,912	538,912	-
Debt service:				
Principal retirement	72,064	72,064	72,064	-
Interest and fiscal charges	629	629	629	-
Total budgetary basis disbursements	<u>693,825</u>	<u>611,605</u>	<u>611,605</u>	<u>-</u>
Net change in fund cash balance	(194,825)	(35,590)	(35,590)	-
Fund cash balance at beginning of year	292,504	292,504	292,504	-
Fund cash balance at end of year	\$ 97,679	\$ 256,914	\$ 256,914	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
 BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 COURT SPECIAL PROJECTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary basis receipts:				
License, permits and fees	\$ 65,000	\$ 76,585	\$ 76,585	\$ -
Total budgetary basis receipts	<u>65,000</u>	<u>76,585</u>	<u>76,585</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
General government	200,000	21,840	21,840	-
Total budgetary basis disbursements	<u>200,000</u>	<u>21,840</u>	<u>21,840</u>	<u>-</u>
Net change in fund cash balance	(135,000)	54,745	54,745	-
Fund cash balance at beginning of year	232,340	232,340	232,340	-
Fund cash balance at end of year	<u>\$ 97,340</u>	<u>\$ 287,085</u>	<u>\$ 287,085</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
 BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 CORONAVIRUS LOCAL FISCAL RECOVERY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary basis disbursements:				
Capital outlay	\$ 1,008,721	\$ 1,008,721	\$ 1,008,721	\$ -
Total budgetary basis disbursements	<u>1,008,721</u>	<u>1,008,721</u>	<u>1,008,721</u>	<u>-</u>
Net change in fund cash balance	(1,008,721)	(1,008,721)	(1,008,721)	-
Fund cash balance at beginning of year	<u>1,008,721</u>	<u>1,008,721</u>	<u>1,008,721</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2023

Business-type Activities - Enterprise Funds				
	Sewage Disposal	Sewage Disposal Sinking	Storm Water	Total
Assets:				
Equity in pooled cash and cash equivalents	\$ 550,917	\$ 297,067	\$ 428,653	\$ 1,276,637
Total assets	<u>\$ 550,917</u>	<u>\$ 297,067</u>	<u>\$ 428,653</u>	<u>\$ 1,276,637</u>
Net cash position:				
Restricted for debt service	\$ -	\$ 297,067	\$ -	\$ 297,067
Unrestricted	<u>550,917</u>	<u>-</u>	<u>428,653</u>	<u>979,570</u>
Total net cash position	<u>\$ 550,917</u>	<u>\$ 297,067</u>	<u>\$ 428,653</u>	<u>\$ 1,276,637</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Business-type Activities - Enterprise Funds				
	Sewage Disposal	Sewage Disposal Sinking	Storm Water	Total
Operating receipts:				
Charges for services	\$ 2,499,577	\$ 221,958	\$ 267,984	\$ 2,989,519
Tap-in fees	140,571	-	-	140,571
Other	3,791	-	-	3,791
Total operating receipts	<u>2,643,939</u>	<u>221,958</u>	<u>267,984</u>	<u>3,133,881</u>
Operating disbursements:				
Personal services	1,232,983	-	12,162	1,245,145
Contractual services	-	-	135,493	135,493
Materials and supplies	1,212,848	-	107,183	1,320,031
Capital outlay	589,555	-	-	589,555
Total operating disbursements	<u>3,035,386</u>	<u>-</u>	<u>254,838</u>	<u>3,290,224</u>
Operating income (loss)	<u>(391,447)</u>	<u>221,958</u>	<u>13,146</u>	<u>(156,343)</u>
Nonoperating receipts (disbursements):				
Investment receipts	-	1,006	-	1,006
Grants	475,000	151,506	-	626,506
Principal retirement	-	(277,069)	(50,205)	(327,274)
Interest and fiscal charges	-	(45,315)	(3,242)	(48,557)
Total nonoperating receipts (disbursements)	<u>475,000</u>	<u>(169,872)</u>	<u>(53,447)</u>	<u>251,681</u>
Change in net cash position	83,553	52,086	(40,301)	95,338
Net cash position at beginning of year	<u>467,364</u>	<u>244,981</u>	<u>468,954</u>	<u>1,181,299</u>
Net cash position at end of year	<u>\$ 550,917</u>	<u>\$ 297,067</u>	<u>\$ 428,653</u>	<u>\$ 1,276,637</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 169,689
Total assets	<u>\$ 169,689</u>
Net cash position:	
Restricted for individuals and other governments	\$ 169,689
Total net cash position	<u>\$ 169,689</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH ADDITIONS, CASH DEDUCTIONS
AND CHANGES IN NET CASH POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial
Cash additions:	
Court costs and fines collected for other governments	\$ 489,999
Deposits held on behalf of others	<u>48,000</u>
Total cash additions	<u>537,999</u>
Cash deductions:	
Court costs and fines distributed to other governments	<u>475,556</u>
Total cash deductions	<u>475,556</u>
Change in net cash position	62,443
Net cash position at beginning of year	<u>107,246</u>
Net cash position at end of year	<u>\$ 169,689</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - DESCRIPTION OF THE CITY

The City of Struthers (the “City”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The City operates under a Council-Mayor form of government and provides the following services: public safety, public service, health, recreation, and development. Educational services are provided by the Struthers City School District. The Struthers City School District is a separate governmental entity, so its financial operations are not included in the City’s basic financial statements.

The City’s management believes the basic financial statements included in this report represent all of the funds over which City officials have the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., these basic financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis basic financial statements contain items that are the same as, or similar to, those items in the basic financial statements prepared in conformity with GAAP, similar informative disclosures are provided. The following are the more significant of the City’s accounting policies:

A. Reporting Entity

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. For financial reporting purposes, the City’s basic financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed governing board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

B. Basis of Presentation

The City’s basic financial statements consist of government-wide financial statements, including a statement of net position - cash basis and a statement of activities - cash basis, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the City as a whole, except for fiduciary funds.

These statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of net position - cash basis presents the cash balances of the governmental and business-type activities of the City at year end. The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund cash balances - cash basis, and a statement of cash receipts, cash disbursements and changes in fund cash balances - cash basis, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of net position - cash basis, and a statement of cash receipts, cash disbursements and changes in net cash position - cash basis, which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash position.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services and personnel disbursements related to sewage disposal, sewage disposal sinking, and storm water operations. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The City classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Street construction, maintenance and repair fund - This fund accounts for shared intergovernmental receipts, such as motor vehicle license and gas tax fees, and other resources that are restricted in use for the construction, maintenance and repair of the City's streets.

Court special projects fund - This fund is used to account for fines and forfeitures that are to be used for various projects of the City's Municipal Court.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Coronavirus local fiscal recovery fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

Other governmental funds of the City are used to account for (a) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects, (b) financial resources that are restricted to disbursement for principal and interest, and (c) financial resources that are restricted to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has no internal service funds, but does report the operations of various enterprise funds.

Enterprise funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewage disposal fund - The sewage disposal fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Sewage disposal sinking fund - The sewage disposal sinking fund accounts for the repayment of debt obligations related to the City's sewage disposal operations.

Storm water fund - The storm water fund accounts for waste treatments to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds - Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to account for other fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The custodial funds account for fire recovery, VIP, and municipal court operations.

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The City's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the basic financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when incurred. Any such modifications made by the City are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these basic financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the line item level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Auditor projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statement reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance was passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriations ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriations ordinance the City Council passed during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements. Investment receipts are allocated as authorized by State statute.

During 2023, the City's investments were limited to no-load money market mutual funds. Investments are reported at cost.

Investment procedures are restricted by provisions of the Ohio Revised Code. Investment receipts credited to the general fund in 2023 amounted to \$298 which includes \$251 assigned from other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the basic financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Capital Assets

Acquisitions of property, plant and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying basic financial statements.

H. Unpaid Vacation Leave and Sick Leave

Employees are entitled to cash payments for unused vacation leave and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave and sick leave are not reflected as liabilities under the basis of accounting utilized by the City (See Note 2.D.).

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Long-term Obligations

Bonds and other long-term obligations are not recognized as liabilities in the basic financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for principal and interest when cash is paid.

J. Leases and SBITAs

Accruals related to leases (as defined by GASB 87) are not reflected under the City's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid. Similarly, accruals related to Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the City's cash basis of accounting. SBITA disbursements are recognized when they are paid.

K. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net cash position is available.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

M. Employer Contributions to Cost-Sharing Pension Plans

The City recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment health care benefits.

N. Inventories of Materials and Supplies and Prepaid Items

The City reports disbursements for inventories of materials and supplies and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

O. Interfund Receivables/Payables

The City reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying basic financial statements. The City did not report any advances in or advances out during 2023.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

Restricted - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when disbursements occur for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements occur for purposes for which amounts in any of the unrestricted fund cash balance classifications could be used.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City did not report any extraordinary or special items during 2023.

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$5,710 are reflected as fines, forfeitures and settlements receipts in the OneOhio special revenue fund (a nonmajor governmental fund) in the accompanying financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the City has implemented GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental City) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
9. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all City deposits was \$3,552,052. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2023, \$3,411,897 of the City's bank balance of \$3,661,897 was exposed to custodial credit risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2023, the City had the following investment and maturity:

<u>Investment type</u>	<u>Investment</u>		<u>Maturity</u> 6 Months or
	<u>Carrying Value</u>	<u>Less</u>	
No-load money market mutual fund	\$ 69,924	\$ 69,924	

The weighted average maturity of investments is one day.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The no-load money market mutual fund was rated AAA by Standard & Poor's. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City or qualified trustee.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2023:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
No-load money market mutual fund	<u>\$ 69,924</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the preceding note to cash and investments as reported on the statement of net position - cash basis as of December 31, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,552,052
Investments	<u>69,924</u>
Total	<u>\$ 3,621,976</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 2,175,650
Business-type activities	1,276,637
Custodial funds	<u>169,689</u>
Total	<u>\$ 3,621,976</u>

NOTE 5 - DEBT OBLIGATIONS

The City's debt obligations activity for the year ended December 31, 2023 was as follows:

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Amounts Due in One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,591,000	\$ -	\$ (141,000)	\$ 1,450,000	\$ 145,000
Financed purchases	<u>98,716</u>	<u>175,516</u>	<u>(129,452)</u>	<u>144,780</u>	<u>86,343</u>
Total governmental activities	<u>\$ 1,689,716</u>	<u>\$ 175,516</u>	<u>\$ (270,452)</u>	<u>\$ 1,594,780</u>	<u>\$ 231,343</u>
<u>Business-type activities:</u>					
OPWC loans	\$ 311,809	\$ -	\$ (20,548)	\$ 291,261	\$ 20,549
OWDA loans	2,645,103	-	(256,521)	2,388,582	247,382
Financed purchases	<u>102,012</u>	<u>-</u>	<u>(50,205)</u>	<u>51,807</u>	<u>51,807</u>
Total business-type activities	<u>\$ 3,058,924</u>	<u>\$ -</u>	<u>\$ (327,274)</u>	<u>\$ 2,731,650</u>	<u>\$ 319,738</u>

The City issued \$2,000,000 in general obligation bonds in 2020 for constructing, furnishing, equipping and improving a new fire station. These bonds are secured by the full faith and credit of the City and will be repaid with the proceeds of a voted property tax levy. The bonds are subject to optional redemption in whole, but not in part, according to the following schedule:

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - DEBT OBLIGATIONS - (Continued)

On or After	% of Par Value
December 1, 2022	103%
December 1, 2024	102%
December 1, 2026	101%
December 1, 2028	100%

The bonds bear an interest rate of 2.70%. Interest payments are due semi-annually on each June 1 and December 1, and principal payments are due each December 1 with a final scheduled maturity of December 1, 2032. The following is the future debt service requirements to retire the general obligation bonds:

Year Ending	General Obligation Bonds		
	Principal	Interest	Total
December 31, 2024	\$ 145,000	\$ 39,150	\$ 184,150
2025	149,000	35,235	184,235
2026	152,000	31,212	183,212
2027	156,000	27,108	183,108
2028	161,000	22,896	183,896
2029 - 2032	<u>687,000</u>	<u>47,007</u>	<u>734,007</u>
Totals	<u><u>\$ 1,450,000</u></u>	<u><u>\$ 202,608</u></u>	<u><u>\$ 1,652,608</u></u>

The City has three Ohio Public Works Commission (OPWC) loans for wastewater treatment plant improvements. The interest-free loans are payable in equal semi-annual installments over a period of 20 - 30 years. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code (ORC) 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The City has seven Ohio Water Development Authority (OWDA) loans for wastewater treatment plant improvements and construction and rehabilitation to sanitary sewers. The loans carry interest rates ranging from 0.20% - 5.45%. Receipts of the utility facilities have been pledged to repay these loans.

The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the sewage disposal bond sinking fund. The debt obligations are payable solely from net revenues and are payable through 2029. Annual payments on the debt issues are expected to require approximately 80.58% of available net revenues. Debt service payments for the current year and total net revenues were \$301,764 and \$374,470, respectively.

Should the utility facilities have insufficient receipts to repay these loans, they are secured by the full faith, credit, and resources of the City. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Three OWDA loans were not closed as of year-end and are not presented in the future debt service requirements table below. The principal balance of the open OWDA loans was \$293,639 at December 31, 2023. The following is the future debt service requirements to retire the City's OPWC and OWDA loans:

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	OPWC Loans			OWDA Loans		
	Principal	Principal	Interest	Total		
2024	\$ 20,549	\$ 247,382	\$ 37,741	\$ 285,123		
2025	20,547	234,298	32,367	266,665		
2026	20,549	239,607	27,058	266,665		
2027	20,548	224,177	21,639	245,816		
2028	20,548	229,508	16,310	245,818		
2029 - 2033	93,478	696,245	44,021	740,266		
2034 - 2038	79,583	223,726	11,630	235,356		
2039 - 2041	15,459	-	-	-		
Totals	<u>\$ 291,261</u>	<u>\$ 2,094,943</u>	<u>\$ 190,766</u>	<u>\$ 2,285,709</u>		

The City has entered into several financed purchase agreements to acquire vehicles and equipment. Annual payments are due over periods ranging from two to five years, with interest rates ranging from 2.75% to 6.33%. The following is a schedule of the future debt service requirements for the financed purchases:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 86,343	\$ 8,914	\$ 95,257	\$ 51,807	\$ 1,660	\$ 53,467
2025	58,437	3,570	62,007	-	-	-
Totals	<u>\$ 144,780</u>	<u>\$ 12,484</u>	<u>\$ 157,264</u>	<u>\$ 51,807</u>	<u>\$ 1,660</u>	<u>\$ 53,467</u>

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Struthers. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes, and other outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. For 2023, the City's basic financial statements are presented on the cash basis of accounting and therefore the City does not record a receivable for property taxes either on a modified accrual or full accrual basis of accounting.

The full tax rate for all City operations for the year ended December 31, 2023 was \$9 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - PROPERTY TAX - (Continued)

Real property

Residential/agricultural	\$ 91,646,090
Commercial/industrial/mineral	13,496,040
Public utility personal property	<u>9,463,850</u>
Total assessed value	<u><u>\$ 114,605,980</u></u>

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of two percent on all income earned within the City, as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2023, the income tax was received in the general fund.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The net pension liability/asset net OPEB liability are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>			
	Traditional	Combined	Public Safety	Law Enforcement
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** These pension and employer health care rates are for the traditional and combined plans.

The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$339,410 for 2023.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$313,066 for 2023.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liabilities/Assets

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01568600%	0.00411300%	0.00568400%	0.05462000%	
Proportion of the net pension liability/asset current measurement date	<u>0.01528000%</u>	<u>0.00446500%</u>	<u>0.00332700%</u>	<u>0.05115930%</u>	
Change in proportionate share	<u>-0.00040600%</u>	<u>0.00035200%</u>	<u>-0.00235700%</u>	<u>-0.00346070%</u>	
Proportionate share of the net pension liability	\$ 4,513,719	\$ -	\$ -	\$ 4,859,637	\$ 9,373,356
Proportionate share of the net pension (asset)	-	(10,524)	(260)	-	(10,784)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple
Prior measurement date	Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	3.00%
Prior measurement date	3.00%
Actuarial cost method	
	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u><u>100.00 %</u></u>	<u><u></u></u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share			
of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,761,400	\$ 4,513,719	\$ 2,644,051
Combined Plan	(5,492)	(10,524)	(14,511)
Member-Directed Plan	(166)	(260)	(333)

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Experience study assumptions were performed by OP&F's prior actuary and completed as of December 31, 2016. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 5.81 years at December 31, 2022.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2022, compared to December 31, 2021, are presented below.

Valuation date	1/1/22 with actuarial liabilities rolled forward to 12/31/22
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation		
linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	<u>2.00</u>	3.60
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 7.50% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 6,410,800	\$ 4,859,637	\$ 3,570,156

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 8 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$890 for 2023.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$7,598 for 2023.

Net OPEB Liabilities

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01494800%	0.05462000%	
Proportion of the net OPEB liability current measurement date	<u>0.01449400%</u>	<u>0.05115930%</u>	
Change in proportionate share	<u>-0.00045400%</u>	<u>-0.00346070%</u>	
Proportionate share of the net OPEB liability	\$ 91,387	\$ 364,239	\$ 455,626

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	<u> </u>

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 311,041	\$ 91,387	\$ (89,863)

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 85,660	\$ 91,387	\$ 97,835

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	18.60	4.80
Non-US equity	12.40	5.50
Private markets	10.00	7.90
Core fixed income *	25.00	2.50
High yield fixed income	7.00	4.40
Private credit	5.00	5.90
U.S. inflation		
linked bonds *	15.00	2.00
Midstream energy infrastructure	5.00	5.90
Real assets	8.00	5.90
Gold	5.00	3.60
Private real estate	12.00	5.30
Commodities	<u>2.00</u>	3.60
Total	<u><u>125.00 %</u></u>	

Note: assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation.

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27%. For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2035 and the Municipal Bond Index Rate of 3.65% was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27%.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%), or one percentage point higher (5.27%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 448,527	\$ 364,239	\$ 293,079

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 10 - RISK MANAGEMENT

A. Employee Medical, Dental, and Vision Coverage

From January 1, 2023 to June 30, 2023 the City managed employee medical, dental and vision benefits on a fully insured basis. The Medical and vision for this period was through Anthem. The dental was through AFSME. Premiums coverage as followed:

	Family	EE + Child(ren)	EE + Spouse	Single
Medical	\$1,789.36	\$978.44	\$1,274.06	\$579.64
Dental	\$56.00	\$56.00	\$56.00	\$56.00
Vision	\$17.16	\$10.92	\$9.65	\$4.82

Employees are required to contribute 20% of the premium cost.

The City continued on a fully insured basis for vision through Anthem and dental through AFSME from July 1, 2023 to December 31, 2023. The premiums are as follows:

Dental	\$56.00	\$56.00	\$56.00
Vision	\$17.16	\$10.92	\$9.65

Employees are required to contribute 20% of the premium cost.

The City began a self- insured benefit basis for medical only on July 1, 2023. The City entered a service agreement with Pareto Health Technologies LLC to manage captives for self- insurance. The City uses Allied and smithRX as third-party administration of medical and prescription claims. The City utilizes the CIGNA network as a PPO network of providers. The City has a stop loss plan with Sunlife Assurance Company.

The employees share of insurance is based on premiums set by the city using the previous fully insured plan parameters. They are as follows:

	Family	EE + Child(ren)	EE + Spouse	Single
Medical	\$1,789.36	\$978.44	\$1,274.06	\$579.64

B. Workers' Compensation

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Comprehensive

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the City obtained insurance through the Ohio Plan for various types of insurance coverage.

Settled claims have not exceeded this coverage in any of the last three years. There have not been any significant reductions in coverage from the prior year.

NOTE 11 - CONTINGENCIES

A. Federal and State Grants

The City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for disbursements disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

B. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceeds will not have a material effect, if any, on the financial condition of the City.

NOTE 12 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:

Nonmajor governmental funds	<u>\$ 242,000</u>
-----------------------------	-------------------

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated in the statement of activities - cash basis.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a component of fund cash balance (cash basis), and some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budgetary basis). At December 31, 2023, funds included as part of the general fund (cash basis) had a total fund cash balance of \$75,410 and outstanding encumbrances amounted to \$0.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,778,658	\$ 1,181,299	\$ 4,959,957
Total assets	<u>\$ 3,778,658</u>	<u>\$ 1,181,299</u>	<u>\$ 4,959,957</u>
Net cash position:			
Restricted for:			
General government operations	\$ 509,074	\$ -	\$ 509,074
Security of persons and property programs	42,977	-	42,977
Transportation projects	725,637	-	725,637
Public health services	17,916	-	17,916
Community environment projects	13,550	-	13,550
Revolving loan program	108,426	-	108,426
Debt service	113,155	244,981	358,136
Capital projects	674,295	-	674,295
Local fiscal recovery projects	1,008,721	-	1,008,721
Unclaimed monies	15,270	-	15,270
Unrestricted	<u>549,637</u>	<u>936,318</u>	<u>1,485,955</u>
Total net cash position	<u>\$ 3,778,658</u>	<u>\$ 1,181,299</u>	<u>\$ 4,959,957</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Program Cash Receipts	Capital Grants and Contributions
Governmental activities:					
Current:					
General government	\$ 2,388,738	\$ 293,634	\$ 59,668	\$ -	-
Security of persons and property	2,649,944	189,401	484,389		-
Transportation	1,424,454	-	998,959		-
Public health services	102	-	4,207		-
Leisure time activities	136,453	49,040	-		-
Community environment	11,522	-	10,658		-
Capital outlay	3,356,115	-	-		1,743,493
Principal retirement	230,668	-	-		-
Interest and fiscal charges	52,025	-	-		-
Total governmental activities	<u>10,250,021</u>	<u>532,075</u>	<u>1,557,881</u>		<u>1,743,493</u>
Business-type activities:					
Sewage disposal	2,789,711	2,538,550	-		100,200
Sewage disposal sinking	257,587	351,449	-		2,024
Storm water	318,400	263,266	-		-
Total business-type activities	<u>3,365,698</u>	<u>3,153,265</u>	-		<u>102,224</u>
Totals	<u>\$ 13,615,719</u>	<u>\$ 3,685,340</u>	<u>\$ 1,557,881</u>		<u>\$ 1,845,717</u>

General cash receipts:

Property and other local taxes for:

General purposes
 Transportation improvements
 Police disability and pensions
 Fire disability and pensions
 Debt service

Grants and entitlements not restricted to specific programs

Loan proceeds
 Investment receipts
 Miscellaneous

Total general cash receipts

Change in net cash position

Net cash position at beginning of year

Net cash position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Cash Position**

Governmental Activities	Business-type Activities	Total
\$ (2,035,436)	\$ -	\$ (2,035,436)
(1,976,154)	- (1,976,154)	
(425,495)	- (425,495)	
4,105	- 4,105	
(87,413)	- (87,413)	
(864)	- (864)	
(1,612,622)	- (1,612,622)	
(230,668)	- (230,668)	
(52,025)	- (52,025)	
<u>(6,416,572)</u>	<u>-</u>	<u>(6,416,572)</u>
- (150,961)	(150,961)	(150,961)
- 95,886	95,886	95,886
<u>- (55,134)</u>	<u>(55,134)</u>	<u>(55,134)</u>
<u>- (110,209)</u>	<u>(110,209)</u>	<u>(110,209)</u>
<u>(6,416,572)</u>	<u>(110,209)</u>	<u>(6,526,781)</u>
4,044,957	- 4,044,957	
292,219	- 292,219	
29,243	- 29,243	
29,243	- 29,243	
216,774	- 216,774	
308,339	- 308,339	
93,930	258,532 352,462	
240	325 565	
<u>174,806</u>	<u>-</u>	<u>174,806</u>
<u>5,189,751</u>	<u>258,857</u>	<u>5,448,608</u>
<u>(1,226,821)</u>	<u>148,648</u>	<u>(1,078,173)</u>
<u>5,005,479</u>	<u>1,032,651</u>	<u>6,038,130</u>
<u><u>\$ 3,778,658</u></u>	<u><u>\$ 1,181,299</u></u>	<u><u>\$ 4,959,957</u></u>

CITY OF STRUTHERS, OHIO

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Coronavirus Local Fiscal Recovery	New Fire Station #1	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 541,796	\$ 1,008,721	\$ 674,295	\$ 1,553,846	\$ 3,778,658
Total assets	<u>\$ 541,796</u>	<u>\$ 1,008,721</u>	<u>\$ 674,295</u>	<u>\$ 1,553,846</u>	<u>\$ 3,778,658</u>
Fund cash balances:					
Nonspendable:					
Unclaimed monies	\$ 15,270	\$ -	\$ -	\$ -	\$ 15,270
Restricted:					
General government operations	- -	- -	- -	\$ 509,074	\$ 509,074
Security of persons and property programs	- -	- -	- -	\$ 42,977	\$ 42,977
Transportation projects	- -	- -	- -	\$ 725,637	\$ 725,637
Public health services	- -	- -	- -	\$ 17,916	\$ 17,916
Community environment projects	- -	- -	- -	\$ 13,550	\$ 13,550
Revolving loan program	- -	- -	- -	\$ 108,426	\$ 108,426
Debt service	- -	- -	- -	\$ 113,155	\$ 113,155
Capital projects	- -	- -	\$ 674,295	- -	\$ 674,295
Local fiscal recovery programs	- -	\$ 1,008,721	- -	- -	\$ 1,008,721
Committed:					
Transportation projects	- -	- -	- -	\$ 2,753	\$ 2,753
Leisure time activities	- -	- -	- -	\$ 20,358	\$ 20,358
Underground storage tanks	11,000	- -	- -	- -	\$ 11,000
Assigned:					
Subsequent year appropriations	477,430	- -	- -	- -	\$ 477,430
Unassigned	<u>38,096</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>\$ 38,096</u>
Total fund cash balances	<u>\$ 541,796</u>	<u>\$ 1,008,721</u>	<u>\$ 674,295</u>	<u>\$ 1,553,846</u>	<u>\$ 3,778,658</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Coronavirus Local Fiscal Recovery	New Fire Station #1	Dam Removal Project	Nonmajor Governmenta Funds	Total Governmenta Funds
Cash receipts:						
Taxes	\$ 4,044,957	\$ -	\$ -	\$ -	\$ 567,479	\$ 4,612,436
Intergovernmental	265,902	533,797	-	1,743,493	1,026,980	3,570,172
Special assessments	2,384	-	-	-	11,512	13,896
Charges for services	477	-	-	-	69,284	69,761
License, permits and fees	310,258	-	-	-	147,488	457,746
Fines, forfeitures and settlements	-	-	-	-	2,184	2,184
Investment receipts	240	-	-	-	1,033	1,273
Miscellaneous	174,806	-	-	-	26,996	201,802
Total cash receipts	4,799,024	533,797	-	1,743,493	1,852,956	8,929,270
Cash disbursements:						
Current:						
General government	2,208,508	-	-	-	180,230	2,388,738
Security of persons and property	2,324,244	-	-	-	325,700	2,649,944
Transportation	-	-	-	-	1,424,454	1,424,454
Public health services	-	-	-	-	102	102
Leisure time activities	97,242	-	-	-	39,211	136,453
Community environment	-	-	-	-	11,522	11,522
Capital outlay	606,120	54,645	951,857	1,743,493	-	3,356,115
Debt service:						
Principal retirement	78,106	-	-	-	152,562	230,668
Interest and fiscal charges	3,465	-	-	-	48,560	52,025
Total cash disbursements	5,317,685	54,645	951,857	1,743,493	2,182,341	10,250,021
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>(518,661)</u>	<u>479,152</u>	<u>(951,857)</u>	<u>-</u>	<u>(329,385)</u>	<u>(1,320,751)</u>
Other financing sources (uses):						
Loan proceeds	93,930	-	-	-	-	93,930
Transfers in	-	-	-	-	240,000	240,000
Transfers (out)	<u>(240,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>
Total other financing sources (uses)	<u>(146,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,000</u>	<u>93,930</u>
Net change in fund cash balances	(664,731)	479,152	(951,857)	-	(89,385)	(1,226,821)
Fund cash balances						
at beginning of year	1,206,527	529,569	1,626,152	-	1,643,231	5,005,479
Fund cash balances at end of year	\$ 541,796	\$ 1,008,721	\$ 674,295	\$ -	\$ 1,553,846	\$ 3,778,658

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
Budgetary basis receipts:					
Taxes	\$ 3,808,705	\$ 4,044,957	\$ 4,044,957	\$	-
Intergovernmental	250,372	265,902	265,902		-
Special assessments	2,245	2,384	2,384		-
Charges for services	449	477	477		-
License, permits and fees	292,137	310,258	310,258		-
Investment receipts	226	240	240		-
Miscellaneous	161,989	172,037	172,037		-
Total budgetary basis receipts	<u>4,516,123</u>	<u>4,796,255</u>	<u>4,796,255</u>		-
Budgetary basis disbursements:					
Current:					
General government	2,161,664	2,215,183	2,208,508	6,675	
Security of persons and property	2,259,238	2,329,008	2,326,344	2,664	
Leisure time activities	120,506	98,206	97,242	964	
Capital outlay	523,611	522,029	512,190	9,839	
Debt service:					
Principal retirement	78,106	78,106	78,106		-
Interest and fiscal charges	3,465	3,465	3,465	-	
Total budgetary basis disbursements	<u>5,146,590</u>	<u>5,245,997</u>	<u>5,225,855</u>	<u>20,142</u>	
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(630,467)</u>	<u>(449,742)</u>	<u>(429,600)</u>	<u>20,142</u>	
Other financing (uses):					
Transfers (out)	(245,000)	(240,000)	(240,000)		-
Total other financing (uses)	<u>(245,000)</u>	<u>(240,000)</u>	<u>(240,000)</u>		-
Net change in fund cash balances	(875,467)	(689,742)	(669,600)	20,142	
Fund cash balance at beginning of year	1,183,026	1,183,026	1,183,026		-
Fund cash balance at end of year	<u>\$ 307,559</u>	<u>\$ 493,284</u>	<u>\$ 513,426</u>	<u>\$ 20,142</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
 BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS
 CORONAVIRUS LOCAL FISCAL RECOVERY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary basis receipts:				
Intergovernmental	\$ -	\$ 533,797	\$ 533,797	\$ -
Total budgetary basis receipts	<u>-</u>	<u>533,797</u>	<u>533,797</u>	<u>-</u>
Budgetary basis disbursements:				
Capital outlay	529,569	55,000	54,645	355
Total budgetary basis disbursements	<u>529,569</u>	<u>55,000</u>	<u>54,645</u>	<u>355</u>
Net change in fund cash balances	(529,569)	478,797	479,152	355
Fund cash balance at beginning of year	529,569	529,569	529,569	-
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ 1,008,366</u>	<u>\$ 1,008,721</u>	<u>\$ 355</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2022

Business-type Activities - Enterprise Funds				
	Sewage Disposal	Sewage Disposal Sinking	Storm Water	Total
Assets:				
Equity in pooled cash and cash equivalents	\$ 467,364	\$ 244,981	\$ 468,954	\$ 1,181,299
Total assets	<u>\$ 467,364</u>	<u>\$ 244,981</u>	<u>\$ 468,954</u>	<u>\$ 1,181,299</u>
Net cash position:				
Restricted for debt service	\$ -	\$ 244,981	\$ -	\$ 244,981
Unrestricted	<u>467,364</u>	<u>-</u>	<u>468,954</u>	<u>936,318</u>
Total net cash position	<u><u>\$ 467,364</u></u>	<u><u>\$ 244,981</u></u>	<u><u>\$ 468,954</u></u>	<u><u>\$ 1,181,299</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Business-type Activities - Enterprise Funds				
	Sewage Disposal	Sewage Disposal Sinking	Storm Water	Total
Operating receipts:				
Charges for services	\$ 2,432,015	\$ 351,449	\$ 263,266	\$ 3,046,730
Tap-in fees	103,149	-	-	103,149
Other	3,386	-	-	3,386
Total operating receipts	<u>2,538,550</u>	<u>351,449</u>	<u>263,266</u>	<u>3,153,265</u>
Operating disbursements:				
Personal services	1,266,308	-	12,367	1,278,675
Contractual services	-	-	153,946	153,946
Materials and supplies	1,018,356	-	98,640	1,116,996
Capital outlay	505,047	-	-	505,047
Total operating disbursements	<u>2,789,711</u>	<u>-</u>	<u>264,953</u>	<u>3,054,664</u>
Operating income (loss)	<u>(251,161)</u>	<u>351,449</u>	<u>(1,687)</u>	<u>98,601</u>
Nonoperating receipts (disbursements):				
Investment receipts	-	325	-	325
Loan proceeds	258,532	-	-	258,532
Grants	100,200	2,024	-	102,224
Principal retirement	-	(209,472)	(48,655)	(258,127)
Interest and fiscal charges	-	(48,115)	(4,792)	(52,907)
Total nonoperating receipts (disbursements)	<u>358,732</u>	<u>(255,238)</u>	<u>(53,447)</u>	<u>50,047</u>
Change in net cash position	107,571	96,211	(55,134)	148,648
Net cash position at beginning of year	<u>359,793</u>	<u>148,770</u>	<u>524,088</u>	<u>1,032,651</u>
Net cash position at end of year	<u><u>\$ 467,364</u></u>	<u><u>\$ 244,981</u></u>	<u><u>\$ 468,954</u></u>	<u><u>\$ 1,181,299</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 107,246</u>
Total assets	<u>\$ 107,246</u>
Net cash position:	
Restricted for individuals and other governments	<u>\$ 107,246</u>
Total net cash position	<u>\$ 107,246</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH ADDITIONS, CASH DEDUCTIONS
AND CHANGES IN NET CASH POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial
Cash additions:	
Court costs and fines collected for other governments	\$ 426,879
Total cash additions	<u>426,879</u>
Cash deductions:	
Court costs and fines distributed to other governments	<u>387,111</u>
Total cash deductions	<u>387,111</u>
Change in net cash position	39,768
Net cash position at beginning of year	<u>67,478</u>
Net cash position at end of year	<u>\$ 107,246</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY

The City of Struthers (the “City”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The City operates under a Council-Mayor form of government and provides the following services: public safety, public service, health, recreation, and development. Educational services are provided by the Struthers City School District. The Struthers City School District is a separate governmental entity, so its financial operations are not included in the City’s basic financial statements.

The City’s management believes the basic financial statements included in this report represent all of the funds over which City officials have the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., these basic financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis basic financial statements contain items that are the same as, or similar to, those items in the basic financial statements prepared in conformity with GAAP, similar informative disclosures are provided. The following are the more significant of the City’s accounting policies:

A. Reporting Entity

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. For financial reporting purposes, the City’s basic financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed governing board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

B. Basis of Presentation

The City’s basic financial statements consist of government-wide financial statements, including a statement of net position - cash basis and a statement of activities - cash basis, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the City as a whole, except for fiduciary funds.

These statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of net position - cash basis presents the cash balances of the governmental and business-type activities of the City at year end. The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The financial statements for governmental funds are a statement of assets and fund cash balances - cash basis, and a statement of cash receipts, cash disbursements and changes in fund cash balances - cash basis, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of net position - cash basis, and a statement of cash receipts, cash disbursements and changes in net cash position - cash basis, which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash position.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the City's proprietary funds are charges for sales and services and personnel disbursements related to sewage disposal, sewage disposal sinking, and storm water operations. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The City classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Coronavirus local fiscal recovery fund - This fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

New fire station #1 fund - This fund is used to account for the proceeds of general obligation bonds which are restricted for disbursements related to the construction of a new fire station.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Dam removal project fund - This fund is used to account for the proceeds of state grants which are restricted for disbursements related to the restoration of the Mahoning River in the City.

Other governmental funds of the City are used to account for (a) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects, (b) financial resources that are restricted to disbursement for principal and interest, and (c) financial resources that are restricted to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has no internal service funds, but does report the operations of various enterprise funds.

Enterprise funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewage disposal fund - The sewage disposal fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Sewage disposal sinking fund - The sewage disposal sinking fund accounts for the repayment of debt obligations related to the City's sewage disposal operations.

Storm water fund - The storm water fund accounts for waste treatments to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds - Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to account for other fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The custodial funds account for fire recovery, VIP, and municipal court operations.

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The City's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the basic financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when incurred. Any such modifications made by the City are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these basic financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the line item level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Auditor projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statement reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance was passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriations ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriations ordinance the City Council passed during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements. Investment receipts are allocated as authorized by State statute.

During 2022, the City's investments were limited to no-load money market mutual funds. Investments are reported at cost.

Investment procedures are restricted by provisions of the Ohio Revised Code. Investment receipts credited to the general fund in 2022 amounted to \$240 which includes \$198 assigned from other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the basic financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Capital Assets

Acquisitions of property, plant and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying basic financial statements.

H. Unpaid Vacation Leave and Sick Leave

Employees are entitled to cash payments for unused vacation leave and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave and sick leave are not reflected as liabilities under the basis of accounting utilized by the City (See Note 2.D.).

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Long-term Obligations

Bonds and other long-term obligations are not recognized as liabilities in the basic financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for principal and interest when cash is paid.

J. Leases

For 2022, GASB Statement No. 87, "*Leases*" was effective. This GASB pronouncement had no effect on beginning net position/fund balance. The City is the lessor/lessee (as defined by GASB 87) in various leases related to building, vehicles, and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the City's cash basis of accounting. Lease receipts/disbursements are recognized when they are received/paid.

K. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net cash position is available.

L. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

M. Employer Contributions to Cost-Sharing Pension Plans

The City recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment health care benefits.

N. Inventories of Materials and Supplies and Prepaid Items

The City reports disbursements for inventories of materials and supplies and prepaid items when paid. These items are not reflected as assets in the accompanying basic financial statements.

O. Interfund Receivables/Payables

The City reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying basic financial statements. The City did not report any advances in or advances out during 2022.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

Restricted - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when disbursements occur for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements occur for purposes for which amounts in any of the unrestricted fund cash balance classifications could be used.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City did not report any extraordinary or special items during 2022.

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, “Leases”, GASB Implementation Guide 2019-3, “Leases”, GASB Implementation Guide 2020-1, “Implementation Guide Update - 2020”, GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 92, “Omnibus 2020”, GASB Statement No. 93, “Replacement of Interbank Offered Rates”, GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32” and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the City does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the City. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
9. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$5,000,030. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2022, \$4,541,802 of the City's bank balance of \$4,791,802 was exposed to custodial credit risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2022, the City had the following investment and maturity:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturity</u>
		6 Months or Less
No-load money market mutual fund	<u>\$ 67,173</u>	<u>\$ 67,173</u>

The weighted average maturity of investments is one day.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The no-load money market mutual fund was rated AAAm by Standard & Poor's. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City or qualified trustee.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2022:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
No-load money market mutual fund	<u>\$ 67,173</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the preceding note to cash and investments as reported on the statement of net position - cash basis as of December 31, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,000,030
Investments	<u>67,173</u>
Total	<u>\$ 5,067,203</u>

<u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 3,778,658
Business-type activities	1,181,299
Custodial funds	<u>107,246</u>
Total	<u>\$ 5,067,203</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEBT OBLIGATIONS

The City's debt obligations activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Amounts Due in One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,729,000	\$ -	\$ (138,000)	\$ 1,591,000	\$ 141,000
Financed purchases	<u>97,454</u>	<u>93,930</u>	<u>(92,668)</u>	<u>98,716</u>	<u>67,445</u>
Total governmental activities	<u><u>\$ 1,826,454</u></u>	<u><u>\$ 93,930</u></u>	<u><u>\$ (230,668)</u></u>	<u><u>\$ 1,689,716</u></u>	<u><u>\$ 208,445</u></u>
<u>Business-type activities:</u>					
OPWC loans	\$ 332,357	\$ -	\$ (20,548)	\$ 311,809	\$ 20,548
OWDA loans	2,575,495	258,532	(188,924)	2,645,103	147,059
Financed purchases	<u>150,667</u>	<u>-</u>	<u>(48,655)</u>	<u>102,012</u>	<u>50,205</u>
Total business-type activities	<u><u>\$ 3,058,519</u></u>	<u><u>\$ 258,532</u></u>	<u><u>\$ (258,127)</u></u>	<u><u>\$ 3,058,924</u></u>	<u><u>\$ 217,812</u></u>

The City issued \$2,000,000 in general obligation bonds in 2020 for constructing, furnishing, equipping and improving a new fire station. These bonds are secured by the full faith and credit of the City and will be repaid with the proceeds of a voted property tax levy. The bonds are subject to optional redemption in whole, but not in part, according to the following schedule:

On or After	% of Par Value
December 1, 2022	103%
December 1, 2024	102%
December 1, 2026	101%
December 1, 2028	100%

The bonds bear an interest rate of 2.70%. Interest payments are due semi-annually on each June 1 and December 1, and principal payments are due each December 1 with a final scheduled maturity of December 1, 2032. The following is the future debt service requirements to retire the general obligation bonds:

Year Ending	General Obligation Bonds		
	Principal	Interest	Total
December 31, 2023	\$ 141,000	\$ 42,957	\$ 183,957
2024	145,000	39,150	184,150
2025	149,000	35,235	184,235
2026	152,000	31,212	183,212
2027	156,000	27,108	183,108
2028 - 2032	<u>848,000</u>	<u>69,903</u>	<u>917,903</u>
Totals	<u><u>\$ 1,591,000</u></u>	<u><u>\$ 245,565</u></u>	<u><u>\$ 1,836,565</u></u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEBT OBLIGATIONS - (Continued)

The City has three Ohio Public Works Commission (OPWC) loans for wastewater treatment plant improvements. The interest-free loans are payable in equal semi-annual installments over a period of 20 - 30 years. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code (ORC) 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

The City has seven Ohio Water Development Authority (OWDA) loans for wastewater treatment plant improvements and construction and rehabilitation to sanitary sewers. The loans carry interest rates ranging from 0.20% - 5.45%. Receipts of the utility facilities have been pledged to repay these loans.

The City has pledged future revenues, net of operating expenses, to repay OWDA loans in the sewage disposal bond sinking fund. The debt obligations are payable solely from net revenues and are payable through 2029. Annual payments on the debt issues are expected to require approximately 76.64% of available net revenues. Debt service payments for the current year and total net revenues were \$269,588 and \$251,774, respectively.

Should the utility facilities have insufficient receipts to repay these loans, they are secured by the full faith, credit, and resources of the City. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Three OWDA loans were not closed as of year-end and are not presented in the future debt service requirements table below. The principal balance of the open OWDA loans was \$1,316,834 at December 31, 2022. The following is the future debt service requirements to retire the City's OPWC and OWDA loans:

Year Ending December 31,	OPWC Loans		OWDA Loans		
	Principal		Principal	Interest	Total
2023	\$ 20,548		\$ 147,059	\$ 41,033	\$ 188,092
2024	20,549		152,132	35,961	188,093
2025	20,547		138,858	30,777	169,635
2026	20,549		143,975	25,660	169,635
2027	20,548		128,355	20,431	148,786
2028 - 2032	98,109		617,890	68,759	686,649
2033 - 2037	79,583		-	-	-
2038 - 2041	31,376		-	-	-
Totals	\$ 311,809		\$ 1,328,269	\$ 222,621	\$ 1,550,890

The City has entered into several financed purchase agreements to acquire vehicles and equipment. Annual payments are due over periods ranging from two to five years, with interest rates ranging from 2.75% to 6.33%. The following is a schedule of the future debt service requirements for the financed purchases:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 67,445	\$ 6,050	\$ 73,495	\$ 50,205	\$ 3,263	\$ 53,468
2024	31,271	1,979	33,250	51,807	1,660	53,467
Totals	\$ 98,716	\$ 8,029	\$ 106,745	\$ 102,012	\$ 4,923	\$ 106,935

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Struthers. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes, and other outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. For 2022, the City's basic financial statements are presented on the cash basis of accounting and therefore the City does not record a receivable for property taxes either on a modified accrual or full accrual basis of accounting.

The full tax rate for all City operations for the year ended December 31, 2022 was \$9 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 91,612,020
Commercial/industrial/mineral	13,472,980
Public utility personal property	<u>9,166,800</u>
Total assessed value	<u>\$ 114,251,800</u>

NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of two percent on all income earned within the City, as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2022, the income tax was received in the general fund.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension liability/asset and the net OPEB liability/asset represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The net pension liability/asset net OPEB liability/asset are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	***	****
2022 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits **	0.0 %	0.0 %	0.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$336,830 for 2022.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$354,632 for 2022.

Net Pension Liabilities/Assets

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.01558100%	0.00133100%	0.00487200%	0.05382780%	
Proportion of the net pension liability/asset current measurement date	<u>0.01568600%</u>	<u>0.00411300%</u>	<u>0.00568400%</u>	<u>0.05462000%</u>	
Change in proportionate share	<u>0.00010500%</u>	<u>0.00278200%</u>	<u>0.00081200%</u>	<u>0.00079220%</u>	
Proportionate share of the net pension liability	\$ 1,364,745	\$ -	\$ -	\$ 3,412,342	\$ 4,777,087
Proportionate share of the net pension (asset)	-	(16,205)	(1,032)	-	(17,237)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 3.00%, simple
	through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 0.50%, simple
	through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 3,598,212	\$ 1,364,745	\$ (493,795)
Combined Plan	(12,092)	(16,205)	(19,413)
Member-Directed Plan	(909)	(1,032)	(1,137)

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation		
linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
 Total	 <u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 5,060,455	\$ 3,412,342	\$ 2,039,870

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 8 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$905 for 2022.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$8,574 for 2022.

Net OPEB Liabilities/Assets

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01474200%	0.05382780%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01494800%</u>	<u>0.05462000%</u>	
Change in proportionate share	<u>0.00020600%</u>	<u>0.00079220%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 598,682	\$ 598,682
Proportionate share of the net OPEB (asset)	(468,194)	-	(468,194)

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	
	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 275,342	\$ 468,194	\$ 628,264

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 473,254	\$ 468,194	\$ 462,192

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation		
linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
 Total	 <u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 752,557	\$ 598,682	\$ 472,197

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - RISK MANAGEMENT

A. Employee Medical, Dental, and Vision Coverage

The City manages employee medical, dental, and vision benefits on a fully insured basis. The risk of loss transfers to the insurance company upon payment of the premiums. The City provides employee medical, dental, and vision benefits through Anthem. Medical premiums were \$1,789.36 for family coverage, \$1,274.05 for employee spouse coverage, \$978.44 for employee child coverage, and \$579.64 for single coverage. Dental premiums were \$56.00 for all coverage types. Vision premiums were \$17.16 for family coverage, \$9.65 for employee spouse coverage, \$10.92 for employee child coverage, and \$4.82 for single coverage. Employees are required to pay 20% of the premiums each month and the City pays the remainder.

B. Workers' Compensation

Workers' compensation is provided by the State. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Comprehensive

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the City obtained insurance through the Ohio Plan for various types of insurance coverage.

Settled claims have not exceeded this coverage in any of the last three years. There have not been any significant reductions in coverage from the prior year.

NOTE 11 - CONTINGENCIES

A. Federal and State Grants

The City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for disbursements disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

B. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceeds will not have a material effect, if any, on the financial condition of the City.

NOTE 12 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:

Nonmajor governmental funds	<u>\$ 240,000</u>
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Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated in the statement of activities - cash basis.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund and major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a component of fund cash balance (cash basis), and some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budgetary basis). At December 31, 2022, funds included as part of the general fund (cash basis) had a total fund cash balance of \$26,270 and outstanding encumbrances amounted to \$2,100.

NOTE 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**CITY OF STRUTHERS
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
<i>Direct</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		\$1,008,721
<i>Passed through Mahoning County:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>465,661</u>
Total U.S. Department of Treasury			<u>1,474,382</u>
Total Expenditures of Federal Awards			<u>\$1,474,382</u>

The accompanying notes are an integral part of this schedule.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Struthers (the City) under programs of the federal government for the fiscal year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – DE MINIMIS COST RATE

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Struthers
Mahoning County
6 Elm Street
Struthers, Ohio 44471

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Struthers, Mahoning County, (the City) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 25, 2025, wherein we noted the City uses a special framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-002 and 2023-003 that we consider to be material weaknesses.

City of Struthers
Mahoning County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Struthers
Mahoning County
6 Elm Street
Struthers, Ohio 44471

To the Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Struthers, Mahoning County, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on City of Struthers major federal program for the year ended December 31, 2023. City of Struthers major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Struthers complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of Struthers

Mahoning County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2025

**CITY OF STRUTHERS
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2023-001

Noncompliance

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

FINDING NUMBER 2023-001 (Continued)

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. In addition, The City's December 31, 2022 annual financial report due by March 1, 2023 was not filed with the Auditor of State until June 6, 2023.

Pursuant to Ohio Rev. Code § 117.38, the City may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles. In addition, the City should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the City is unable to meet the deadline, the City should file an extension request through the Auditor of State. Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the City.

Officials' Response: See Corrective Action Plan.

FINDING NUMBER 2023-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Auditor of State, Management Advisory Services (MAS) Bulletin 91-11 addresses the accounting procedures to follow regarding outstanding, stale dated checks (90 days from issue date) issued by governmental entities. Section 9.39 of the Ohio Revised Code provides that unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General fund of the Public Office.

Monthly bank to book reconciliations were not accurately or timely prepared or presented to Council for review each month of 2023 and 2022.

FINDING NUMBER 2023-002 (Continued)

Testing over the City's main monthly reconciliation identified the following:

- The December 31, 2023 and 2022 bank reconciliation had a variance of \$53,013 and \$56,570, respectively. The City was not able to identify the source of the variances and at the Council meeting on March 27, 2024, approved writing off the \$53,013 and the City booked the proper entry into the accounting system; and
- The December 31, 2023 and 2022 bank reconciliation included 35 and 60 stale dated checks totaling \$9,916 and \$7,131, respectively. These checks were included as part of the write-off approved by the Council. The September 30, 2024 reconciliation has two stale dated checks totaling \$822 and NSF checks totaling \$212 included.

Testing over the City's payroll monthly reconciliation identified the following:

- As of December 31, 2023 and 2022, a variance of \$9,255 and \$4,818 and this is a zero-balancing account. The variances are partly attributable to long, outstanding reconciling items included on the reconciliations, as well as outstanding checks of 43 and 39 totaling \$11,878 and \$1,752, respectively, as of December 31, 2023 and 2022;
- Council approved the transfer of \$859 of the outstanding reconciling items to the City's unclaimed monies fund in March of 2024, however, the City has not yet transferred the monies. In addition, another \$893 needs to be brought to the attention of Council for approval to be transferred to the City's unclaimed monies fund;
- The payroll reconciliation for 2022 includes uncleared checks and payments totaling \$28,613 dating back to 2005, and uncleared deposits and other credits totaling \$9,807 dating back to 2015, while the payroll reconciliation for 2023 includes uncleared checks and payments totaling \$124,687 dating back to 2005 and other credits totaling \$9,807 dating back to 2015; and
- A payroll reconciliation has not been completed since February of 2024.

Testing over the City's courts monthly reconciliation identified the following:

- The monthly reconciliation is performed by an outside company; however, there is no evidence the monthly reconciliation was provided to the courts;
- No evidence was provided the courts reviewed the monthly bank reconciliation, as evidenced by a court employees initials or signature;
- Initial review of the monthly 2023 and 2022 Criminal and Civil reconciliations identified an Open Items variance which changed monthly. This led to further inquiry of the outside company and receipt of revised monthly reconciliations, however, unsupported figures and variances of \$126 to \$3,350 still remained;
- The Civil court December 2023 and 2022 reconciliations included an Open Items variance of \$3,351 and \$5,370, respectively. In addition, the December 2023 Civil reconciliation included a deposit variance of \$857 and a withdrawal variance of \$2,102, while the December 2022 reconciliation included a deposit reconciling variance of \$228;
- The final submission of the Civil court reconciliations received on September 30, 2024 showed no variance for 2022 and a Book to bank variance of \$2,122.43 for 2023. The reconciler identified the source of the variance in 2023 as Check 201496 for \$2,146 which cleared but was listed as an outstanding check since August;
- The Criminal court December 2023 and 2022 reconciliations included an Open Items variance of \$2,416 and \$956, respectively. In addition, the December 2023 Criminal reconciliation included a prior month's withdrawal variance of \$107 and a deposit variance of \$628, while the December 2022 reconciliation included a deposit variance of \$198 and a withdrawal variance of \$126;

FINDING NUMBER 2023-002 (Continued)

- The final Submission for the Criminal Court December 2022 Reconciliations showed a deposit variance book to bank of \$297 identified to be \$126 refund/Fees and \$171 Deposit correction. The Final Submission for the Criminal Court December 2023 showed no variance although there was a \$323 adjustment from book to bank for "CC Deposit Correction.";
- The bank reconciliation as of December 31, 2023 and 2022 for the City's Criminal Court account included 6 (2023) and 10 (2022) stale dated checks totaling \$285 and \$842, respectively. The bank reconciliation as of December 31, 2023 for the City's Civil Court account included 4 stale dated checks totaling \$546; and
- On September 30, 2024 the City provided a final version of the Criminal and Civil bank reconciliations as of December 2023 and 2022, in which the Criminal bank reconciliations had a variance of \$323 and \$297 as of December 31, 2023 and 2022, respectively. The Civil bank reconciliation as of December 31, 2023 included a check that had cleared the bank in the amount of \$2,146 but is still listed as outstanding.

Failure to reconcile monthly increases the possibility that the City will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Finally, the stale dated checks may result in a cumbersome and/or incorrect reconciliation.

The City should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review all the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response: See Corrective Action Plan.

FINDING NUMBER 2023-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles (GAAP), and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Auditor did not abide by the adopted chart of accounts in coding and classifying various transactions. This resulted in adjustments and reclassifications to the filed financial statements. The City Auditor and management have agreed to and posted the required adjustments to the City's accounting records. The corrected amounts are reflected in the accompanying financial statements.

FINDING NUMBER 2023-003 (Continued)

2023 Adjustment:

Fund/Line Item Adjusted To:	Amount	Explanation
Street Construction, Maintenance and Repair Special Revenue fund Capital Outlay Disbursements and Loan Proceeds Other Financing Source	\$175,516	To adjust the financial statements for loan proceeds not recorded.

2022 Adjustments:

Fund/Line Item Adjusted To:	Amount	Explanation
General/Permissive Auto/Bucket Truck funds Capital Outlay Disbursements and Loan Proceeds Other Financing Source	\$93,930	To adjust the financial statements for loan proceeds not recorded.
General/Original Receipts and Fund Cash Balance End of Year	30,000	To adjust the General Fund Budget and Actual financial statement to correct an error made while entering estimated receipts.

2023 Reclassification:

Fund	Reclassified From:	Reclassified To:	Explanation	Amount
General	Unassigned Fund Balance	Assigned Fund Balance	To reclassify fund balance due to appropriations exceeding estimated receipts in the 2024 permanent budget.	\$594,377

Other mispostings were identified; however, the amounts were not material to the financial statements and the City decided not to make the adjustments.

Improper financial reporting can result in irregularities that decrease the reliability of the basic financial statements.

The Auditor should maintain the accounting system to enable the City to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the chart of accounts to help ensure that financial activity of the City is accurately recorded and reported.

Officials' Response: See Corrective Action Plan.

4. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2023-004

Finding for Recovery - Resolved

26 U.S.C.A. § 3101(a) establishes the requirement to contribute to Social Security: “In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to 6.2 percent of the wages (as defined in section 3121(a)) received by the individual with respect to employment.”

Per **ORC § 145.03(A)**, membership in OPERS is compulsory and supersedes SS for most Ohio public employees. However, per ORC § 145.01(A), elected officials are excluded from the definition of OPERS public employees. Therefore, elected officials can elect to opt out of OPERS membership but must contribute to SS instead.

The City Law Director, John Zomodia, opted out of OPERS; however, the City failed to ensure social security was being withheld as no social security was withheld during 2023 and 2022, and through March 29 of 2024. On September 19, 2024, the City entered into an agreement with Mr. Zomodia to have an extra \$63.26 withheld from his paycheck beginning with the paycheck on October 11, 2024 and until his current term ending December 31, 2027. As of April 18, 2025, \$948.90 has been paid to the City. The City has made their obligation payments to the Federal government and issued a Form 941X for each quarter of 2023, 2022 and the first quarter of 2024.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money due but not collected is hereby issued against John Zomoda and the City of Struthers, jointly and severally for \$5,454.78 and in favor of the City's General Fund. Failure to withhold the appropriate withholdings will cause employees to lose social security benefits and could result in the City being assessed penalties and late fees, along with additional findings for recovery being issued.

The City Auditor should ensure all employees have the proper withholdings and payments are made to the proper entity.

This matter will be referred to the Internal Revenue Service.

Officials' Response: See Corrective Action Plan.



Auditor Christina S. Bohl

Municipal Building 6 Elm Street Struthers, Ohio 4471

Phone: 330 755 2181 x 137

Email: auditor@cityofstruthers.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance Citation –Ohio Rev. Code § 117.38-Failure to file GAAP.	NOT CORRECTED	REISSUED AS FINDING 2023-001
2019-003	Bank reconciliation weaknesses.	NOT CORRECTED	REISSUED AS FINDING 2023-002

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Auditor Christina S. Bohl

Municipal Building 6 Elm Street Struthers, Ohio 4471

Phone: 330 755 2181 x 137

Email: auditor@cityofstruthers.com

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023 AND 2022**

Finding Number:

2023-001

Planned Corrective Action:

The City had outstanding issues related to the financial reporting of the previous years. The City had several issues related to reconciliation to be investigated and reconciled. This led to delays in compiling reports. The City is making great progress in timely and accurate monthly reconciliation and will file timely in the future.

Anticipated Completion Date:

2/1/2026

Responsible Contact Person:

Christina S. Bohl

Finding Number:

2023-002

Planned Corrective Action:

The City is actively working to ensure timely and accurate monthly reconciliations. The majority of outstanding unidentifiable variances have been written off as per council legislation. The Auditor and Treasurer are working closely to identify and investigate any remaining issues. The Struthers Municipal court has hired additional personnel to help reconcile and keep the court's monthly reconciliations true and accurate.

Anticipated Completion Date:

12/31/2025

Responsible Contact Person:

Christina S. Bohl

Finding Number:

2023-003

Planned Corrective Action:

The required adjustments have been posted to the City's accounting records. The corrected amounts are reflected in the financial statements.

Anticipated Completion Date:

5/8/2025

Responsible Contact Person:

Christina S. Bohl

City of Struthers
Mahoning County
Corrective Action Plan
Page 2

Finding Number:

2023-004

Planned Corrective Action:

Social security for this employee is now being withheld. All past tax documents for the City have been amended. The employee is paying back the social security bi-weekly and will be paid in full before his current elected term ends. The employee has signed an agreement stating that all monies will be repaid.

Anticipated Completion Date:

12/31/2027

Responsible Contact Person:

Christina S. Bohl

OHIO AUDITOR OF STATE KEITH FABER



CITY OF STRUTHERS

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/3/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov